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COMMON FINANCIAL REGULATIONS CONCERNING CONTRIBUTIONS FROM NON-GOVERNMENTAL SOURCES

Report of the Administrator and of the Executive Director

1. This report has been prepared in response to decision 2000/5, in which the Executive Board of UNDP and UNFPA encourages the two organizations to consult each other on the feasibility of developing a common regulation concerning contributions from non-governmental sources and to report back to the Executive Board at its third regular session 2000.

2. At the third regular session 2000, an oral report was presented to the Executive Board advising that consultations between the two organizations were proceeding smoothly and that a proposal would be presented to the Board at its first regular session 2001.

I. INTRODUCTION AND BACKGROUND

3. In this report two proposed common regulations covering contributions from non-governmental sources are presented for approval by the Executive Board. The two common regulations are the result of consultations between UNFPA and UNDP.

4. The Executive Board will recall that in decision 96/39, it had eliminated, for UNDP, the requirement for prior approval by the Executive Board for contributions from non-governmental

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sources and replaced it with a full annual reporting requirement to provide the Board with sufficient information to assess the amounts and the impact of such contributions.

5. The Executive Board will also recall that it approved the elimination of such prior approval for UNFPA in decision 2000/5 and replaced it with a reporting requirement for contributions above $100,000.

UNDP Regulations

6. The current regulations in the UNDP Financial Regulations covering receipt of contributions from non-governmental sources are Financial Regulations 5.02 and 5.09, as follows:

Regulation 5.02

"Contributions may be accepted by UNDP from Governments of States Members of the United Nations, of the specialized agencies and of the International Atomic Energy Agency, as well as from those organizations and agencies themselves. Contributions may also be accepted from any other intergovernmental, non-governmental, or private sector sources subject to such conditions and criteria as the Executive Board and the Administrator may establish."

Regulation 5.09

"The Administrator shall report annually to the Executive Board on all contributions received from each contributor, including from non-governmental sources."

UNFPA Regulations

7. The corresponding regulations in the UNFPA Financial Regulations are Regulations 4.9 and 4.11, approved at the first regular session 2000, as follows:

Regulation 4.9

"Contributions other than those indicated in Financial Regulation 4.1[1] may be accepted by UNFPA and utilized for the general support of UNFPA or for purposes consistent with those of UNFPA."

Regulation 4.11

"The Executive Director shall report annually to the Executive Board on contributions above $100,000 received from non-governmental sources."

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[1] Regulation 4.1 reads as follows: "Voluntary contributions may be accepted by UNFPA from Governments of Member States of the United Nations, of the Specialized Agencies or of the International Atomic Energy Agency."

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II. PROPOSED COMMON REGULATIONS

8. The following regulations are proposed for approval by the Executive Board:

First common regulation

For UNFPA

"Contributions may be accepted by UNFPA from Governments of States Members of the United Nations, of the specialized agencies and of the International Atomic Energy Agency, as well as from those organizations and agencies themselves. Other contributions, including those from intergovernmental, non-governmental, or private sector sources, may be accepted by UNFPA and utilized for the general support of UNFPA or for purposes consistent with those of UNFPA."

For UNDP

"Contributions may be accepted by UNDP from Governments of States Members of the United Nations, of the specialized agencies and of the International Atomic Energy Agency, as well as from those organizations and agencies themselves. Other contributions, including those from intergovernmental, non-governmental, or private sector sources, may be accepted by UNDP and utilized for the general support of UNDP or for purposes consistent with those of UNDP."

Second common regulation

For UNFPA

"The Executive Director shall report annually to the Executive Board on individual contributions received from intergovernmental, non-governmental, or private sector sources, subject to such limits as the Executive Board may specifically decide."

For UNDP

"The Administrator shall report annually to the Executive Board on individual contributions received from intergovernmental, non-governmental, or private sector sources, subject to such limits as the Executive Board may specifically decide."

9. It is proposed that in the implementation of the second common regulation the following common new rule be established: "Individual contributions above a value of $100,000 received from intergovernmental, non-governmental, or private sector resources shall be reported annually to the Executive Board." As the dollar amount stated might be subject to review quite frequently, it is deemed to be more appropriate to include it in the financial rules.

10. For UNFPA, the first common regulation would replace Financial Regulation 4.1, and Financial Regulation 4.9 would be deleted. The second common regulation is proposed in place of the current Financial Regulation 4.11.

11. For UNDP, the first common financial regulation is proposed in place of the current Financial Regulation 5.02, while the second common financial regulation would replace the current Financial Regulation 5.09.

III. SUMMARY OF CHANGES

12. For UNFPA, the first common regulation combines Regulations 4.1 and 4.9 and expands on the different sources from which contributions can be received. For UNDP, the regulation now explicitly requires such contributions to be consistent with the purposes of the Programme whereas previously such a requirement was implicit in that it would be subject to the conditions and criteria as might be set up by the Executive Board or the Administrator. It should also be noted that this regulation is in line with UNDP Financial Regulation 8.01, which states that trust funds may be established for specified purposes consistent with the policies, aims and activities of UNDP.

13. For UNFPA, the second common regulation and corresponding new rule retain the threshold for reporting to the Executive Board on contributions from non-governmental sources at $100,000 (as approved at the first regular session 2000) and reflect also the consequent amendments emanating from the first common regulation due to the expansion of the different sources from which contributions can be received. For UNDP, the second common regulation and corresponding new rule set the threshold for reporting to the Executive Board on contributions from intergovernmental, non-governmental, or private sector sources at $100,000.

14. It should be noted that for both UNDP and UNFPA, contributions received have always been reported in the financial statements, which are audited by the United Nations Board of Auditors, as well as in the annual financial review of the respective organizations.

IV. RECOMMENDATION

15. The Executive Board may wish to approve the proposed common financial regulations as set forth by the Administrator and the Executive Director in this report.

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